

# Introduction

During the months of June and July 1967 a study was undertaken of the labour intensive personal services provided by hotels. Five hotels were chosen by NEDO from different parts of the country, varying in size and type from the large West End hotel to the small country holiday hotel.

The main objects of the study were:

- 1 To calculate the labour costs of the selected services
- 2 To determine a method by which hotels can calculate the labour costs of these services for themselves
- 3 To indicate possible cost savings by the use of non-personal methods.

The findings under each heading are outlined in the report and supporting statistics are given in the appendices.

In the course of the study, it became apparent that there were also opportunities for securing labour cost savings, not dependent on the introduction of non-personal methods. This is of considerable importance to the industry and suggestions are outlined on page 12.

# Labour costs of the selected services

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## Factors affecting labour costs

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The labour cost of providing the services will vary with:

- (a) the quality of the services;
- (b) the level of wages paid to staff;
- (c) percentage of occupancy;
- (d) the productivity of the staff.

### Quality of the services

The quality of the services provided depends on the type of hotel and its marketing policy in regard to standard of comfort, food and personal attention.

An indication of the type of hotel in the study is given in Appendix 12, which provides a simple classification, and Appendix 1 which lists the average prices charged.

### Level of wages

Wage levels depend on management policy and the location of the hotel.

The labour costs in this report include the gross pay of staff, and an allowance where appropriate for living-in accommodation, uniforms and meals, the hotel's NHI and pension contribution, the Selective Employment Tax\* and holiday pay.

In this study, pay in the form of a re-distribution of gratuities, has not been treated as a cost to the hotel since the method of distribution varies. This enables comparisons to be made between hotels.

The total labour cost of each department has been divided by the total clock hours and we refer to this as the 'labour hour rate'. A comparison of the hotels' departmental labour hour rates is set out in Appendix 2, where it can be seen that rates varied from as little as 3s 7d to as much as 12s 1d per hour.

### Occupancy

Occupancy has been measured as the percentage use made of beds, restaurant seating and banqueting rooms. The figures are given in Appendix 3. The average weekly occupancy varied:

- Bedrooms : from 33% to 88% of the available sleeper places
- Restaurants : from 16% to 120%† of the seating capacity
- Banqueting : from 29% to 71% of the function rooms available.

The level of occupancy affects idle time and therefore the unit labour cost of providing a service. Since it is not usually possible to plan for day-to-day fluctuations (as opposed to seasonal variations) in occupancy, labour costs at any time of the year can be considered as fixed. For this reason, unit labour costs will tend to vary in inverse proportion to occupancy.

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\* The rates of SET are those prevailing at July, 1967.

† These figures were obtained by dividing the number of seats available by the number of meals served.

It is important to note that all the figures of time taken and labour cost include the idle time of the people supplying the service.

### **Productivity**

In the context of this report, productivity refers to the amount of effective work done in the time taken. The rate of working is generally within the control of the individual and the supervisor, but the effectiveness is more of a management responsibility. This aspect is discussed in Part 4 of the report.

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### **The service departments**

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The services have been grouped under four main departmental headings: reception, porters, housekeeping and catering.

A comparison of departmental labour costs is given in Appendix 4. It is interesting to note that in the larger hotels a greater proportion of the total labour cost was attributable to reception, porters and housekeeping than in the smaller hotels.

Detailed comparisons of the costs of each of the selected services are made in Appendices 5 to 8.

### **Reception**

We include under this heading the work performed by the reception department, but exclude any work done by head office or purely administrative departments of the hotel. For example, where there is a separate accounting or wage department, their costs have not been included.

#### *Telephone calls (Appendix 5)*

The costs per telephone call is an average based on all calls handled.

In two of the hotels studied the customer was able to dial his own calls after being connected by the operator. In one of these hotels the average labour cost per telephone call was very low (2½d): in the other the cost was very high (5d) because of the low occupancy of the hotel. This was as high as a call on a manually operated switchboard elsewhere. None of the hotels surveyed had an automatic cordless switchboard.

It was noticeable that in three of the hotels, the service supplied by the switchboard staff was abrupt and not pleasing to the customer. This was partially due to lack of training since the staff were apparently not aware that the telephone is a medium of selling.

A great number of calls for service were going through the switchboard although there was provision for direct dialling from the room. It was apparent that guests were often not aware of this facility, the greater use of which would contribute to a better service being provided on the switchboard, and a reduction in labour costs.

#### *Enquiries and messages (Appendix 5)*

The cost of dealing with an enquiry varied between 3d and 6d. By examining the nature of the enquiries, suitable display cards or answering machines could be designed to supply routine information, thus reducing time spent on this service.

#### *Client correspondence (Appendix 5)*

Client correspondence refers to letters written by reception to customers, but does not include those written by the hotel management. The labour costs of a letter varied between 3d and 11d. The cost is low in hotels using pro-forma letters.

#### *Charting and allocating, customer records, and book-keeping (Appendix 5)*

This is not a customer service, but as a result of making a complete analysis of time, the costs of this work was found to vary between 38 per cent and 88 per cent of the reception department's cost.

#### **Porters (Appendix 6)**

Porters perform a wide range of duties many of which are difficult to define and measure in terms of time taken and cost. The nature of the service is such that there is a high proportion of idle time. Because of the variety and the importance of looking at the service as a whole, the results of the study in this department have been summarised on a single sheet in Appendix 6.

Porters' costs represent between 4 per cent and 11 per cent of the total labour costs in the hotels studied. It is evident that approximately half of their time is spent on general work such as enquiries, messages and cleaning which could be handled more economically by other departments; to a large extent much of this work may be merely time-filling.

In the circumstances, it would be unrealistic to cost individual services. Perhaps management should regard the total cost as an investment in prestige, or recognise it as a cost which could be substantially reduced by drastically pruning the service.

#### **Housekeeping**

##### *Turning down beds (Appendix 7)*

The total weekly labour cost of turning down beds was as high as £48 in one hotel where all the beds (350 each day) were turned down whether or not the room was occupied. In general, the cost per room occupied was low (2d to 4½d) and varied according to productivity and whether or not supplementary tasks such as closing curtains were performed.

There is substantial scope for improving productivity at the time of day when this service is provided. It seems uneconomical to bring back special staff since the time devoted to this work is small. Staff, other than housekeeping, who are on the premises at that time of day could be trained to execute this duty since it is an easy operation; this would eliminate shift work of chambermaids and reduce idle time of others. In some hotels this service may not be required by customers and therefore it may be possible to eliminate it.

##### *Early morning teas (Appendix 7)*

The labour cost of one order of early morning tea varied between 1s 6d and 4s 6d, and the unit time between 16 and 34 minutes. This appears to be an unprofitable service since the selling price for an order of two cups was from 3s to 4s.

Reductions could be achieved by better planning both of the staff's work and particularly in the method of supplying this service to the customer. It is certainly uneconomic to bring staff in, or to provide living-in facilities, specially for early morning teas, particularly when the proportion of idle time is likely to be very high.

### *Cleaning and bedmaking (Appendix 7)*

The labour cost of this work was found to vary between 52 per cent and 87 per cent of the housekeeping department's cost. In one hotel with 248 rooms the weekly cost of cleaning bedrooms and bathrooms was £582, equivalent to 7s 9d per day per room occupied. The lowest cost was 2s 4d per room where there were very few private bathrooms. Stair and corridor cleaning was also found to be fairly expensive and varied between 4d and 9½d per day per available bedroom.

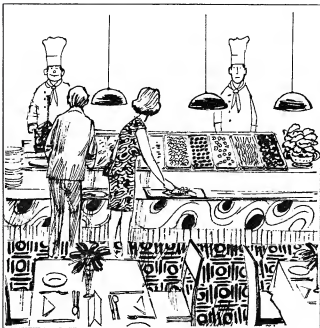
Since bed-making and cleaning account for such a high proportion of the department's time, it is clear that this is the area of the largest potential savings.

### **Catering**

Catering includes all meals served in the restaurants, banqueting rooms and on the floors, as well as afternoon teas served in the lounges. In all cases the cost includes preparation by chefs, cooks and stillroom staff, the serving by waiters and/or waitresses as well as the clearing by platemen, silvermen, potmen and kitchen porters.

The levels of occupancy of main and subsidiary restaurants as well as banqueting rooms are set out in Appendix 3. These varied as follows:

Main restaurants:	from 32% to 81% of seating capacity
Subsidiary restaurant:	from 16% to 120% of seating capacity
Banqueting:	from 29% to 71% of rooms available.



The major labour costs in each of the hotels studied were attributable to catering, ranging between 39 per cent and 81 per cent of total labour costs. Catering could be one of the most worthwhile departments in which to seek cost reduction; at the same time it is a service which needs more active marketing.

#### *Breakfasts in main restaurant (Appendix 8)*

The labour costs of providing a breakfast varied between 3s 3d and 6s 1d, and the unit time between 32 minutes and 46 minutes. Low levels of productivity were observed in all the departments concerned with breakfast.

In addition to improving the level of productivity, reductions in serving costs could be achieved by the use of buffet or grill type operations. Reductions in preparation costs could be achieved by reducing the variety of choice, whilst offering different dishes in rotation. These comments apply to the catering operation as a whole.

#### *Breakfast on floors (Appendix 8)*

In most hotels very few full breakfasts, were served 'on the floors'. The labour costs of providing the breakfast varied between 2s 2d and 4s 7d and the time between 24 minutes and 58 minutes. Substantial savings in cost and time could be achieved by improving the layout and methods, as mentioned later in this report.

#### *Lunches, dinners and suppers in main and subsidiary restaurants (Appendix 8)*

The following is a summary of the labour costs of providing meals; the average prices charged are shown in brackets. Details are given in the appendices.

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#### **Labour cost of one meal and (average prices charged)**

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	<i>Hotel code*</i>	<i>Main restaurant</i>	<i>Subsidiary restaurant</i>
Lunches	H.1.2	14/10d (32/6)	(not served)
	H.2.2	13/10d (20/-)	10/1d (17/6)
	H.2.3	8/7d (20/-)	4/2d (14/-)
	S.3.3	8/4d (20/-)	5/0d (14/-)
	S.4.4	7/8d (14/-)	(not served)
Dinners	H.1.2	14/1d (37/6)	(not served)
	H.2.2	10/3d (25/-)	9/11d (18/6)
	H.2.3	7/1d (25/-)	4/9d (15/6)
	H.3.3	9/4d (20/-)	3/11d (13/-)
	H.4.4	6/2d (16/-)	(not served)
Suppers	H.1.2	12/1d	(not served)

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\* Code numbers have been used to preserve the hotels' anonymity. See Appendix 12 for an explanation of the code.

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The main restaurants in all the hotels studied had a la carte and table d'hôte menus. With one exception, the subsidiary restaurants provided a grill or buffet service which resulted in much lower costs.

Hotels should adopt a more positive approach to marketing their catering facilities and should actively set out to increase the volume of business and reduce operating costs by:

- 1 Providing the type of catering most likely to attract custom from the locality in which the hotel is situated.
- 2 Making sure that the subsidiary restaurant is sufficiently different not to compete with the main restaurant.
- 3 Basing the operation on minimum service requirements and standard menus with limited choice—this does not in any way imply a lowering of quality.
- 4 Actively promoting their restaurant facilities to both hotel and outside customers.

#### *Afternoon teas (Appendix 8)*

The labour cost of providing an afternoon tea varied between 1s 9d and 3s 2d. The unit time for dealing with an order varied between 17 and 37 minutes. There is mention later in the report of the scope for increasing productivity of lounge staff by improving layout and methods.

A buffet type service would reduce labour costs.

#### *Banqueting (Appendix 8)*

The level of activity in all the hotels surveyed was not high because the week under review was not within the normal banqueting season.

In spite of the low level of activity, and therefore the limited number of statistics available on any one type of function, the following general comments can be made.

Where the activity is low and the hotel has a permanent banqueting staff, the labour costs are very high. At times of low banqueting activity, consideration should be given to employing the permanent banqueting staff in departments where additional temporary staff are needed. An alternative is to employ temporary staff for banqueting. This was done in three of the hotels studied where the ratio of hours worked by temporary staff to the total waiting hours at banquets ranged from 23 to 75 per cent.

The labour cost of a banqueting meal is usually lower than that of an ordinary meal in a main restaurant.

For example in one hotel the costs were as follows:

	<i>Lunch</i>	<i>Dinner</i>
Banqueting (average)	3/4d	4/5d
Main restaurant	8/4d	9/4d

# A method by which hotels can calculate the cost of these services

Some hotels are already using sophisticated systems of costing. For the benefit of those who are not, but nevertheless wish to calculate for themselves the labour costs of their labour intensive services, the following is a simple method of calculation.

The unit costs will vary inversely with the level of activity, and it would be advisable to do the calculations three times per year; *ie* in a period of high activity, in a period of average activity and in a period of low activity.

The method by which this costing can be done is:

Step 1 Select a period for calculation.

Step 2 Calculate the total labour cost for each department during this period.

Step 3 Determine the proportion of time that each department spends on each service and express this as a percentage of the total.

Step 4 By applying the percentage determined in 3 above to the departmental labour cost in 2 above, calculate the total cost of supplying each service.

Step 5 Determine the total quantity 'produced' during this period; (*eg* number of early morning teas, number of pairs of shoes cleaned).

Step 6 Calculate the cost per item by dividing the quantity 'produced' into the total cost.

The following notes describe the method in some detail and a worked example is given in Appendix 9.

## **Step 1 : The period for calculation**

For this study one week was selected as the minimum period for obtaining meaningful results. As employees' time is not rigidly controlled, many adjustments had to be made to allow for days-off being transferred from one week to another. Hotels wishing to avoid this complication, should select a period of about four weeks during which time it can be assumed with relative safety that fluctuations will cancel themselves out.

## **Step 2 : Total labour costs for each department during the period**

Most of the information required should be readily available from wage records. It is important to include all labour costs of the hotel and to exclude a re-distribution of gratuities. It is also important to exclude any holiday pay actually paid during this period and to replace it with a proportion of the year's holiday/bank holiday/sick pay entitlement for the department.

Where there are marked variations in hourly rates within a department and greater accuracy is required, it would be necessary to sub-divide the department for costing purposes.

The total labour cost would be:

- (a) gross pay;
- (b) hotel's contribution to National Insurance, SET, graduated pension and other pension schemes;
- (c) the value (if any) of staff living in;
- (d) the value of staff meals;
- (e) the cost of staff uniforms, *ie* four weeks' proportion of the annual cost of leasing and replacement;

- (f) less any holiday pay included in (a);
- (g) plus approximately 7 per cent of gross wages (being the typical proportion of holiday/sickness pay to total pay in a year);
- (h) less any re-distribution of gratuities included in (a);
- (i) plus any casual wages paid.

There may be exceptional costs applicable to a particular service. An example of this would be living in costs or transport costs for staff preparing early morning tea. In such cases care must be taken to include this cost and relate it to the appropriate service.

### **Step 3: Proportion of time that each department spends on each service**

First, a list must be prepared of the services provided by each department. To find the proportion of time spent on each service, one of the following three methods should be used.

- (i) In the case of room service, restaurants, reception and functions, identify the time of day when any one service is provided and the staff who supply these services. Where there is a re-arrangement of duties during any particular part of each week, such as perhaps at week-ends, these calculations should be made separately. There is bound to be overlap of services, as when a function is prepared on a day other than when it takes place, or when restaurant waiters lay-up for dinner during lunch time. In some instances the overlap is not sufficiently substantial to be taken into account, in others it might have to be measured.
- (ii) In the case of stillroom staff, kitchen porters, platemen and other general kitchen staff (who might be dealing with more than one department supplying different services), their time can be allocated on the following basis:

For each category of staff, assess by observation the relationship of time required for dealing with each type of meal, *eg* one breakfast, one lunch, one dinner, one afternoon tea.

Then allocate the staff's total time over the four meal services in proportion to the number of meals served and the relationship assessed by observation.

- (iii) In the case of cooks, porters and telephonists, knowledge of their work either by management or the head of department will enable their time to be allocated to the appropriate service. For example, the head hall porter would know the proportion of any one of his staff's time spent on accompanying customers to bedrooms; the chef would know which staff prepared and supplied a particular function and what time was devoted to this activity.

Care must be taken to apportion all of the staff's time to the services, thereby absorbing in the appropriate service the cost of departmental management, supervision and idle time. If any part of the idle time is attributed to any one service, then it must clearly be added to the cost of that service.

### **Step 4: Labour cost of each service**

The total labour cost of each department will now be known.

The proportion of time of each department relative to each of the services will also be known.

In order to calculate the cost of each service the percentage in Step 3 must be applied to the departmental costs in Step 2.

### **Step 5: Total quantity 'produced'**

Once again, most of the information required should be readily available from hotel records as is shown in the following table.

<i>Information required</i>	<i>Likely source of information</i>
Receptionist services and telephone calls	Receptionists or Telephonist
Arrivals and departures	Reception or Accounts
Pairs of shoes cleaned	Night staff and spot checks
Orders for early morning teas	Porters call list—(usually incomplete) or
(a) by chambermaids	Chambermaids checks or
(b) by porters	Housekeepers records or Accounts
Beds turned down	Reception or head housekeeper
Hot water bottles filled	Head housekeeper
Orders of customers' laundry	Accounts or Valet's records
(a) handled	
(b) washed by hotel staff	
Orders of dry cleaning	
(a) handled	
(b) cleaned by hotel staff	
Orders of customers' pressing	
(a) handled	
(b) pressed by hotel staff	
Orders of customers' repairs	
(a) handled	
(b) repaired by hotel staff	
Continental breakfasts	Porters' call list or
(a) in rooms	Chambermaids' checks or
(b) in restaurant	Housekeepers' records or Accounts
Cooked breakfasts	Accounts or
(a) in each restaurant	Restaurants or
(b) in rooms	Kitchen or Housemaids
Lunches	Accounts or
(a) in each restaurant	Restaurant or
(b) in rooms	Kitchen
Dinners	Accounts or
(a) in each restaurant	Restaurants or
(b) in rooms	Kitchen
Orders for morning coffee/tea	Accounts
(a) in lounge	
(b) in rooms	
Orders for afternoon teas	
(a) in lounge	
(b) in rooms	

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Order for evening coffee/biscuits

(a) in lounge

(b) in rooms

Order for sandwiches

(a) in lounge

(b) in rooms

} Accounts

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Banqueting

Accounts or  
Management

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The amount of items included will depend on which items the hotel wishes to cost.

**Step 6: Calculation of cost per item**

In order to ascertain the average cost per item, divide the total number of items 'produced' of each service into the total cost of providing that service.

It is worth emphasising the very real benefits to be secured by examining the method used for the costing and control of materials, particularly food.

# Possible cost savings by the use of non-personal methods

A common feature of service industries is the high proportion of idle time that results from the need to keep staff on duty to meet random demand. The hotel and catering industry is no exception as shown by the following figures of idle time observed in the five hotels studied.

Idle time as percentage of total time

	<i>Highest</i>	<i>Lowest</i>	<i>Average</i>
Reception	27	12	16
Chambermaids	25	8	19

In one of the hotels, porters' idle time was 35 per cent. Appendix 10 illustrates the occurrence of idle time throughout the day in one hotel.

Those hoteliers who are thinking of introducing non-personal services must realise that worthwhile savings in labour costs will be secured only if these methods are used as a means of substantially reducing the hours worked by staff. A primary objective of change must be to eliminate overtime. The number of staff employed must in addition be strictly controlled. Hoteliers will find that careful planning of work and greater flexibility of labour are important factors in achieving these objectives.

It will be evident that the scope for securing savings by the introduction of non-personal methods is much greater in some departments than others.

## Reception

Reception accounts for a relatively small proportion of the total labour costs of the departments studied. Generally, over half of the receptionist's time is taken up in charting, allocating, customer records and book-keeping. This does not seem a department in which any great savings can be made on personal services to customers.

A high proportion of the correspondence with customers can be dealt with by the use of standardised letters which would save time in dictating. In many instances, even pre-printed letters would be appreciated and it would be possible to reproduce these to a standard that is adequate for the majority of hotels.

None of the hotels in the study had a automatic cordless switchboard. This type of board is more expensive than a conventional automatic switchboard, but can lead to a substantial reduction in the number of operators required.

## Porters

We suggest that many hotels could go a long way towards eliminating the service given by porters. A considerable amount of idle time can be observed, and probably much more is hidden by giving porters duties which could be undertaken by other staff. Much of the idle time in reception might well be absorbed by some of the jobs undertaken by porters.

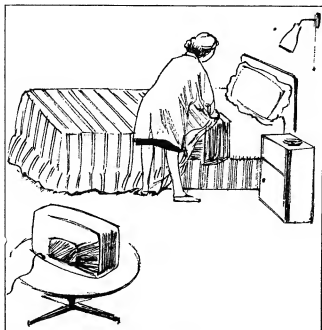
The labour cost of cleaning shoes did not exceed 7 per cent of the total porters' costs. The direct savings effected by shoe cleaning machines of impregnated tissues in rooms will not be great, unless the introduction of these non-personal methods is part of an overall policy to reduce the number of porters employed.

In many cases, customers are quite capable of carrying their own luggage, and we suggest that with a little planning, it should be possible to make a man available for this work at suitable times in the day—possibly waiters could be employed on this to absorb some of the idle time between meals.

Only one of the hotels studied provided a permanent valet service, and the cost to the hotel of providing this was small. We consider that where the demand for this service is small or intermittent it would be better put out to contract. It is sometimes argued that a valet service should be provided by the hotel because immediate service is often required. However, in most cases there is sufficient time for the service to be provided by outside agencies, and small repairs such as button sewing can be done by hotel staff.

### Housekeeping

A large part of the housekeeping costs are related to bed-making and cleaning. The personal services which lead to avoidable costs are those which necessitate the extension of working hours, such as turning down beds, putting hot water bottles in beds, and the serving of early morning tea.



It seems unnecessary to bring staff in specially to turn down beds and to fill hot water bottles—even if these services are necessary at all. One housekeeping service which leads to a large unrecovered cost is the provision of early morning teas. In some of the hotels studied the idle time of chambermaids was particularly high during the first two hours of the morning when they were on duty for the sole purpose of serving tea. When living-in costs or special early morning transport charges have to be borne, the costs involved in this service make it most uneconomic. If this service is to be given then we suggest that provision be made for guests to make their own tea in their rooms; the cost of preparation and clearing to the hotel are low, as all the work can be done when the room is cleaned.

### Catering

In all the hotels studied the labour costs associated with catering were high. We observed a fair degree of mechanisation in the kitchens, but the major factors in determining the labour costs of catering were the type of meal offered and the amount of service given.

Restaurant staff accounted for up to 32 per cent of the total labour costs, and kitchen staff up to 45 per cent. These high percentages show that catering is by far the highest single wage cost area of hotels and is the area where most savings can probably be made. The costs are primarily dependent on the type of operation; as mentioned earlier, the hotelier must make sure that the catering satisfies the demand of the locality. The labour cost of providing a meal in grill type restaurants was approximately 50 per cent of that in a traditional type restaurant. The grill menu is restricted in variety, and the meal takes less time to prepare and involves less washing-up.

The labour costs per meal in self-service restaurants were at least 60 per cent lower than with full waiter service. Waiting costs cannot be eliminated completely because tables have to be laid and cleared, and there may be good reason for retaining a partial service.

One great disadvantage of full waiter service is the large amount of idle time between meals. The productivity of waiters during meals can be improved by hotels moving away as far as possible from waiters serving individual dishes towards pre-plating. Alternatively, dishes can be placed on the table, allowing customers to help themselves.

There appears to be greater scope for the use of pre-prepared foods, and mechanical equipment. Most of the hotels had potato peelers, mincing slicing, 'icing and mixing machines—the use of these, and washing-up machines, can 'It in reducing the labour costs of this type of work by up to 70 per cent. o-wave ovens, tea and coffee machines will also yield substantial reductions bour costs. There also appeared to be scope for improving the methods of .x so as to raise the general level of productivity of kitchen staff.

### Estimate of potential reduction in labour costs

The total annual departmental labour costs in the five hotels studied were as follows:

Reception	£38,000	
Porters	£29,000	
Housekeeping	£75,000	
Catering	£180,000	
		<b>£322,000</b>

We estimate that these costs could be reduced by at least £31,250 per annum if the non-personal methods we have suggested were adopted. Savings in each department would be:

*Reception*

- |  |      |
|--|------|
| (i) Using standardised letters for correspondence with customers | £800 |
| (ii) Installing automatic cordless switchboards                  | £450 |

*Porters*

Assuming a change in staffing policy that would merely eliminate the idle time	£9,500
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*Housekeeping*

Providing tea-making equipment in bedrooms, and using staff other than chambermaids for turning down beds	£7,500
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*Catering*

A very detailed study would be needed to make a precise forecast of potential for reducing labour costs, and the realisation of these savings would depend on the catering policy of individual hoteliers. If the hotels in the study wished to operate their present catering on a more economical basis, we consider it should be possible to achieve reductions in labour costs of

	£13,000
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Restaurant occupancy often fluctuates over the week—for example, occupancy is low in the early part of the week and is high on Friday and Saturday. The overall profitability of the restaurant may well depend on the ability to cater for this heavy end-of-week demand without incurring unnecessary fixed costs throughout the week. The type of catering operation will clearly have an important bearing on this.

# Other cost savings

This study of hotel and catering units suggested that the level of productivity in the industry could be raised by giving greater attention to such factors as: improved methods and facilities, training, work planning, and effective control and supervision.

These are areas for securing savings far greater than those possible by the introduction of non-personal methods.

## Methods and facilities

In many cases the level of productivity could be increased greatly, at very little cost, by improving the method of working and the facilities available to staff. In order to achieve this, each job in the hotel should be studied to establish the best method of working, and the most suitable facilities. When this has been done the work content should be measured and time standards established. Appendix 11 gives a brief account of studies that were made in one hotel on floor service and lounge service, and demonstrates how simple improvements in method can yield substantial savings in labour costs.

## Training

In the hotel and catering industry as elsewhere the training of staff results in a higher standard of service and improved productivity. As part of the study the effectiveness of all departments in several hotels were compared. It was noticeable that where departmental heads were well trained managers, the standard of work of their staff was good.

Hotels would derive considerable benefit from a continuous programme of training at all levels.

## Work planning

Some of the excess costs attributable to idle time can be reduced by establishing proper staffing levels and by better planning of work. An analysis of the workload based on pre-determined time standards is essential to maintain an economic level of staffing in relation to occupancy. Over-staffing increases the cost whereas under-staffing results in poor customer service.

When time standards have been established a schedule should be prepared of all the hotel services, indicating the total work content of each service, and the time of day when it is required. It would then be possible to develop a work plan where the range and timing of duties would reduce non-productive time to a minimum.

## Effective control and supervision

The main purpose of clock cards is to make sure that staff are paid only for the hours they work. In some cases the control of hours worked and the number of hours for which payment is made is left entirely to heads of departments, without reference to clock cards. There were instances during the week under review when staff were paid for more (sometimes less) hours than actually

worked. This is probably due to the fact that time is worked in one week in lieu of another. This could lead to overpayment and possibly a loosening of supervisory control.

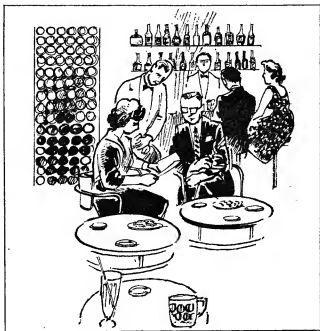
There should be complete co-ordination between control and wage departments who would make more use of the clock cards (or other time records available). Time control should not be left entirely to the heads of department.

Although a head of department may do a certain amount of staff work, his main function should be to organise and control the work of the people for whom he is responsible. It is particularly important, as is recognised by trained heads of department not only to ensure that staff are working efficiently but are working at a reasonable pace. Significant improvements in productivity may result from attention to the work rate.

### Potential savings

Increases of up to 30 per cent in the level of productivity can be obtained by hotels giving attention to the matters discussed in this section of the report.

Although these comments refer to the industry as a whole, it should be noted that a 30 per cent increase in the level of productivity would provide annual labour cost savings in the five hotels studied of approximately £74,000. The scope for such savings will naturally vary between hotels, and between departments within a hotel.



# Conclusion

In the five hotels studied, the considerable differences in hourly rates paid to staff, and the level of occupancy were important factors in determining the costs of providing personal services. The charges to be made for a particular service—and indeed the decision as to whether or not to offer the service—may often be a matter of policy, dependent on the standard which a hotel wishes to maintain.

Where services are not in themselves financially self-supporting, it is reasonable to assume that they are being subsidised from other revenue. This is acceptable provided the accounting procedures yield reliable information on the costs of each activity within the organisation.

This study did not include an examination of head office accounting procedures, and we are not able to comment on the overall adequacy of cost methods in use. In most cases, revenue can be analysed with fair accuracy, but the procedures for allocating costs may not keep management continuously informed of the profitability of individual aspects of the business. Such information is essential to policy decisions affecting the profitability of the enterprise as a whole.

The method of costing personal services will provide simple and accurate data on the labour cost of personal services on page 8. This method might usefully be incorporated in training programmes.

Examples have been given in this report of potential savings through greater flexibility of labour. To achieve this, care must be taken to make this concept acceptable to the people concerned and to train them to be more versatile. Greater flexibility would, in many cases, condense hours of work into a shorter period of attendance and would benefit the employees concerned. A considerable amount of work would be needed to obtain the maximum benefit.

Hotels may be providing personal services for which there is no economic demand. The elimination of these would result in far greater saving than would result from the introduction of non-personal methods of providing these services although as indicated earlier such savings may be significant. In addition large increases in productivity can be realised by improved staff training; in improved methods of working; by better planning of work; and by more effective control and supervision.

This report was made possible by the opportunity given by proprietors for carrying out the study, and the kind help they gave. The study was carried out during a period of the year when both management and staff were heavily engaged, yet they gave excellent co-operation and whole-hearted support. The interest shown by hoteliers has contributed substantially to the usefulness of the study.

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*General note to tables:* A dash indicates insufficient information was available; where the service was not supplied, the column is left blank.

## 1 Average prices charged

The table below sets out approximate average selling prices of the hotels included in the study.

Hotel	Accommodation per night including breakfast	Lunch		Dinner		Early morning tea
		Main rest.	Subsid. rest.	Main rest.	Subsid. rest.	
H.1.2	£5 *	32/6d		37/6d		No charge
H.2.2	£3 10 0	20/0d	17/6d	25/0d	18/6d	2/0d
H.2.3	£4	20/0d	14/0d	25/0d	15/6d	1/6d
S.3.3	£2 10 0	20/0d	14/0d	20/0d	14/0d	2/0d
S.4.4	£2	14/0d		16/0d		2/0d

Charges do not include wine

\* Excluding breakfast

## 2 Comparison of labour hour rates

The following table sets out the labour costs per hour of attendance for each category. These have been calculated by dividing the total labour cost (as described in Part 2, para. 2 of the report) by the total hours on duty.

Department	H.1.2	H.2.2	H.2.3	S.3.3	S.4.4
Telephone	9/8	5/8	4/11	Reception	
Reception	9/4	7/2	6/3	7/6	4/2
Day porter	8/1	6/11	3/11	5/8	7/6
Night porter	12/1	6/7	4/2	5/-	
Valet	8/9		5/11		
Housekeeping	8/11	5/3	5/4	6/1	5/4
Breakfast waitresses		8/6	4/2		
Main restaurant waiters	8/3	6/8	4/8	5/8	6/11
Subsidiary restaurant waiters		5/-	3/10	5/8	
Lounge waiters	5/6	—	3/7	—	
Restaurant cashiers	8/5	6/1	6/5	Reception	
Chefs/cooks—main restaurant	9/3	10/5	7/3	9/8	10/5
Chefs/cooks—subsidiary restaurant		9/1		5/8	
General kitchen staff— main	8/8	6/7	5/3	5/-	5/10
subsidiary		6/2		5/-	
Banqueting department	—	—	5/4	—	

Notes: The labour hour rate of 3s 10d in hotel H.2.3, subsidiary restaurant, was abnormally low because most of the work was done by low-paid casual student labour.

The labour hour rate for cooks in hotels S.3.3 and S.4.4 were abnormally high because it is not possible to have a high proportion of low-paid assistant cooks in a small hotel.

### 3 Occupancy during week under review

#### Bedrooms

The following table gives the occupancy during the period quoted, the highest and lowest figures referring to single days.

<i>Hotel</i>	<i>Percentage occupied during week</i>			<i>Week under review</i>
	<i>Highest day</i>	<i>Lowest day</i>	<i>Average over week</i>	
H.1.2	97	65	85	5.7.67 to 11.7.67
H.2.2	52	10	33	31.5.67 to 6.6.67
H.2.3	98	81	88	5.7.67 to 11.7.67
S.3.3	100	25	61	13.6.67 to 19.6.67
S.4.4	93	52	74	9.6.67 to 15.6.67

For comparison, occupancy during the year is given below, the highest and lowest figures referring to months.

<i>Hotel</i>	<i>Percentage occupied during year</i>		
	<i>Highest month</i>	<i>Lowest month</i>	<i>Average over year</i>
H.1.2	—	—	72
H.2.2	80	12	37
H.2.3	94	25	65
S.3.3	77	49	57
S.4.4	100	18	57

#### Restaurants

The figures were derived by dividing the total number of seats available in each restaurant during the week by the number of meals served there in the week.

##### Main restaurants

<i>Hotel</i>	<i>Percentage occupied</i>		
	<i>Breakfast</i>	<i>Lunch</i>	<i>Dinner</i>
H.1.2	61	46	53
H.2.2	69	35	50
H.2.3	67	47	71
S.3.3	59	81	37
S.4.4	37	33	32

##### Subsidiary restaurants

<i>Hotel</i>	<i>Type of restaurant</i>	<i>Percentage occupied</i>	
		<i>Lunch</i>	<i>Dinner</i>
H.1.2			
H.2.2	Fixed price and expensive 'a la carte'	16	20
H.2.3	Fixed price, cold buffet, 'help yourself'	120	101
S.3.3	Grill bar	72	118
S.4.4			

### Banqueting rooms

The level of activity is expressed broadly as the usage of function rooms during the week *ie* the total number of banqueting room/days available during the week divided by the number of functions held. No account has been taken of the size of the function.

<i>Hotel</i>	<i>Total no. functions</i>	<i>Percentage occupancy</i>
H.1.2	6	29
H.2.2	10	71
H.2.3	7	33
S.3.3	15	53
S.4.4		

### 4 Departmental labour costs

Comparison of departmental labour costs showing the percentage of each department's labour cost to the total labour cost of all departments included in the survey.

<i>Department</i>	<i>H.1.2</i>	<i>H.2.2</i>	<i>H.2.3</i>	<i>S.3.3</i>	<i>S.4.4</i>
Telephone	4½	5½	2	2	½
Reception	10½	8	5	4	6
Total reception	15	13½	7	6	6½
Day porters	8	3½	3½	3	4½
Night porters	3½	5	2	1	
Total portering	11½	8½	5½	4	4½
Valet	1½	½	1½		
Chambermaids	32	15	11	9	9½
Floor porter			1		
Floor washing-up	½				
Total housekeeping	34	15½	13½	9	9½
Main restaurant	17	19	20	19	31
Subsidiary restaurant		3	5½	13	
Lounge waiters	1	½	2½	1	
Floor waiters	—	2	1	2½	3
Banqueting	—	1½	9	8½	
Total waiters/rest. cashiers	18	25½	38	44	34
Chefs/cooks	17	21	20	20	28
General kitchen staff	4½	16	16	17	17½
Total kitchen	21½	37	36	37	45½
Total catering	39½	62½	74	81	79½
Total	100%	100%	100%	100%	100%

## 5 Labour costs—Reception

### Telephone calls

<i>Hotel</i>	<i>Minutes per unit</i>	<i>Pence per unit</i>	<i>Exceptional factors affecting labour time and costs</i>
H.1.2	2	2½	(T) Very high level of activity, unit cost is therefore low de- spite a high labour rate.
H.2.2	5	5	(T) Very low level of occupancy during the week under review.
H.2.3	3½	3½	(T)
S.3.3	3	5	(R)
S.4.4	6	5	(R) This service is combined with many others and the telephone switchboard is not at the desk where the receptionist works.

Unit: One telephone call on switchboard.

(T) Switchboard manned by telephonists.

(R) Switchboard manned by receptionists

The above time and costs include the handling of internal calls.

### Enquiries and messages

<i>Hotel</i>	<i>Minutes per unit</i>	<i>Pence per unit</i>	<i>Exceptional factors affecting labour time and costs</i>
H.1.2	3½	6	(R) High labour hour rate in
	2	3½	(P) all categories
	2	6	(M)
H.2.2	2½	3½	(R) Efficient service
H.2.3	—	—	(R)
S.3.3	4	6	(R)
S.4.4	4	3	(R) Low labour hour rate

Unit: One enquiry or message.

Enquiries and messages are not always handled by reception as shown by code:

M Night manager    R Reception    P Porters

### Client correspondence

<i>Hotel</i>	<i>Minutes per unit</i>	<i>Pence per unit</i>	<i>Exceptional factors affecting labour time and costs</i>
H.1.2	5½	10	Because of quality of service, figures only comparable with Hotel H.2.2. Very high labour hour rate.
H.2.2	7	11	Because of quality of service, figures only comparable with Hotel H.1.2.
H.2.3	2½	3	
S.3.3	2½	5	
S.4.4	—	—	Unit cost not available, management writes client correspondence.

Unit: one letter.

These figures do not include the manager's time and cost.

## Charting and allocating, customer's records and book-keeping

Hotel	Percentage of total reception department costs on:	
	Charting and allocating	Customer records and book-keeping
H.1.2	27½	61
H.2.2	24	44
H.2.3	18	50
S.3.3	6	32
S.4.4	10	45

It is interesting to note that in hotel H.1.2 the reception of guests was carried out mainly by hall porters.

Any accounting work done by a head office has not been included.

## 6 Labour costs—Porters

The table shows the division of porters' costs over the range of services provided in each hotel. In hotels S.3.3 and S.4.4 a significant proportion of the porters' time was given to other duties (*e.g.* waiting at table, lounge service, banqueting) as shown under the heading 'Additional duties'—this has been costed in the appropriate places elsewhere in the report.

The total cost per sleeper was calculated by dividing total porters' costs for the week by total number of sleepers in the week, and the cost of each service can be derived by applying the relevant percentage to this figure.

For purposes of comparison the porters' cost per sleeper excluding the 'Additional duties' has been shown.

	H.1.2	H.2.2	H.2.3	S.3.3	S.4.4
Enquiries, messages,	<i>Percentages</i>				
general and cleaning	49	42	52	49	9
Customers to rooms	37	27	27	5	6
Laundry and dry cleaning		4		2	
Cleaning shoes	3	7	3	2	6
Handling mail	3	4	6	2	
Cloakroom		6			
Car park	3				
Early morning calls—room service	5	10	12	5	
Additional duties	—			35	79
Total cost per sleeper	3/2d	3/8d	2/0d	4/0d	1/5d
Cost per sleeper excluding additional duties	3/2d	3/8d	2/0d	2/7d	4d

## 7 Labour costs—Housekeeping

### Turning down beds

<i>Hotel</i>	<i>Minutes per unit</i>	<i>Pence per unit</i>	<i>Exceptional factors affecting labour time and costs</i>
H.1.2	3½	4½	High quality of service High labour hour rate
H.2.2	3	3	High quality of service
H.2.3	2½	2½	
S.3.3	1½	2	
S.4.4	2	2½	

Unit: Per bedroom occupied.

### Early morning teas

<i>Hotel</i>	<i>Minutes per unit</i>	<i>Pence per unit</i>	<i>Exceptional factors</i>
H.1.2	26	3/10	(H) Low level of productivity
	33	4/6	(F) Served by restaurant staff in tall building. Long distances are involved and time is wasted waiting for lifts.
H.2.2	16	1/8	(H)
H.2.3	24	1/6	(F)
	34	2/8	(P) Very low labour hour rates Prepared and served individually great distances involved. However low labour rates offset the effect on unit costs.
S.3.3	28	2/8	(H) & (P) Low level of productivity.
S.4.4	19	1/8	(H)

Unit: Bedroom order (which may be for two cups).

(H) Served by housekeeping department.

(P) Served by porters.

(F) Served by floor service.

## Cleaning and bedmaking

<i>Hotel</i>	<i>Bedroom and bathroom cleaning bedmaking and handling bedroom laundry</i>			<i>Corridor and stair cleaning</i>		<i>Exceptional factors</i>
	<i>Percent of housekeeping cost</i>	<i>Cost per room occupied</i>	<i>Minutes per room occupied</i>	<i>Percent of housekeeping cost</i>		
H.1.2	61	7/9	52	8		All bedrooms with private bathrooms (figures only comparable with Hotel H.2.2). Very high labour hour rate.
H.2.2	57	5/2	59	12		All bedrooms with private bathrooms (figures only comparable with Hotel H.1.2).
H.2.3	77	4/11	55	10		Low labour hour rate. Comparatively low level of staff productivity.
S.3.3	54	4/7	45	9		
S.4.4	44	2/4	26	8		Comparatively few private bathrooms reducing the time required to clean each room

In hotel S.4.4, approximately 20 per cent of the chambermaids' time (not included in the above figures) was spent serving afternoon teas and working in the linen room.

## 8 Labour costs—Catering

### Breakfast in main restaurant

<i>Hotel</i>	<i>Minutes per unit</i>	<i>Cost per unit</i>		<i>Total</i>	<i>Exceptional factors affecting labour time and costs</i>
		<i>Prep'n &amp; clearing</i>	<i>Service</i>		
H.1.2	43	2/11	3/2	6/1	High labour hour rate for clearing staff. Meal time spread over a very long period.
H.2.2	32	2/4	2/4	4/8	Productivity of serving staff is relatively high. Labour hour rate of serving staff is very high.
H.2.3	46	2/9	1/7	4/4	Low level of productivity. Low labour hour rates of serving and clearing staff.
S.3.3	35	1/9	1/6	3/3	
S.4.4	35	2/9	1/5	4/2	High labour hour rate of chefs/cooks.

Unit: One breakfast.

The quality of service in the first three hotels was higher than in the remaining two because of the nature of the establishments. The statistics therefore are not truly comparable.

### Breakfast on floors

<i>Hotel</i>	<i>Minutes per unit</i>	<i>Cost per unit</i>	<i>Exceptional factors</i>
H.1.2	34	4/7	(C) Low level of productivity High labour hour rate.
H.2.2	24	2/2	(C) & (F)
H.2.3	56 58	3/3 3/10	(C) (F) In this hotel only, there is a separate floor service staff. Their productivity is low. Since there is only one service for all the floors, the walking distances are longer than in other hotels. The lift service is rather poor.
S.3.3	31	2/8	(C)
S.4.4	No activity recorded in week under review.		

Unit: One order.

(C) Continental breakfast only.

(F) Full breakfast only.

**Lunches in main restaurant**

<i>Hotel</i>	<i>Minutes per unit</i>	<i>Cost per unit</i>			<i>Exceptional factors</i>
		<i>Prep'n &amp; clearing</i>	<i>Serving</i>	<i>Total</i>	
H.1.2	102	8/10	6/0	14/10	Very low level of staff productivity. Very high labour hour rate for clearing and serving staff.
H.2.2	102	8/9	5/1	13/10	Low level of activity resulting in high cost. High labour hour rate for preparation staff.
H.2.3	90	3/8	4/11	8/7	Very low labour hour rate for pre/clearing and serving staff.
S.3.3	75	4/5	3/11	8/4	Low level of staff productivity.
S.4.4	60	4/10	2/10	7/8	Meal times restricted to much shorter time than other hotels but activity level still low.

Unit: One lunch.

The quality of service in the first three hotels was higher than in the remaining two because of the nature of the establishments. The statistics are therefore not comparable with the other two hotels surveyed.

**Lunches in subsidiary restaurant**

Hotel	Minutes per unit	Cost per unit			Exceptional factors
		Prep'n & clearing	Serving	Total	
H.1.2	No subsidiary restaurant				
H.2.2	110	4/10	5/3	10/1	The very high unit time is due to a very high quality restaurant. The labour costs and time are high because of low activity and high labour hour rate for clearing staff.
H.2.3	44	2/9	1/5	4/2	
S.3.3	54	1/9	3/3	5/0	Partly self-service. A very low labour hour rate for preparation and serving staff.
S.4.4	No subsidiary restaurant				

Unit: One lunch.

**Dinners in main restaurant**

<i>Hotel</i>	<i>Minutes per unit</i>	<i>Cost per unit</i>			<i>Exceptional factors</i>
		<i>Prep'n &amp; cleaning</i>	<i>Serving</i>	<i>Total</i>	
H.1.2	97	8/10	5/3	14/1	Unit time is very high because the hours of service are considerably longer than in the other hotels. High labour hour rate of serving and clearing staff. High labour hour rate for preparation staff. Very high activity. Costs do not include resident band at 2/6d per dinner served. Very low labour hour rate for clearing/ preparation and serving staff. Very low level of staff productivity.
H.2.2	79	6/8	3/7	10/3	
H.2.3	73	3/7	3/6	7/1	
S.3.3	84	5/5	3/11	9/4	
S.4.4	48	3/9	2/5	6/2	

Unit: One dinner.

Quality of service in the first three hotels is higher than in the other two hotels because of the nature of these establishments. Statistics therefore are not truly comparable.

**Dinners in subsidiary restaurant**

<i>Hotel</i>	<i>Minutes per unit</i>	<i>Cost per unit</i>			<i>Exceptional factors</i>
		<i>Prep'n &amp; cleaning</i>	<i>Serving</i>	<i>Total</i>	
H.1.2	No subsidiary restaurant				Very low level of activity. High labour hour rate for clearing staff. Very high quality restaurant. Low labour hour rate for preparation and serving staff. Very low labour hour rate for preparation staff.
H.2.2	105	4/4	5/7	9/11	
H.2.3	50	2/9	2/0	4/9	
S.3.3	43	1/7	2/4	3/11	
S.4.4	No subsidiary restaurant				

Unit: One dinner.

### Suppers in main restaurant

<i>Hotel</i>	<i>Minutes per unit</i>	<i>Cost per unit</i>			
		<i>Prep'n &amp; cleaning</i>	<i>Serving</i>	<i>Total</i>	
H.1.2	89	7/11	4/2	12/1	This is the only hotel in the survey which provided a 24-hour catering service. Suppers are those meals served between 11.30 p.m. and 7.30 a.m.

Unit: One supper.

### Afternoon teas in lounge

<i>Hotel</i>	<i>Minutes per unit</i>	<i>Cost per unit</i>	<i>Exceptional factors</i>
H.1.2	22	2/1	
H.2.2	17	1/9	
H.2.3	—	—	Unit records of hotel were not available.
S.3.3	26	2/4	Level of activity is comparatively low.
S.4.4	37	3/2	Labour hour rates very high.
			Time is high because of the different nature of meal in this residential hotel.

Unit: One order.

### Banquets

<i>Hotel</i>	<i>Function</i>	<i>Number attending</i>	<i>Minutes per unit</i>	<i>Cost per unit</i>	<i>Exceptional factors</i>
H.1.2	B	40	44	8/—	
	B	27	65	10/4	
	CS	60	30	5/4	Snacks increased the costs and time of the CS function.
	C	120	20	3/—	
	C	40	16	2/6	
H.2.2	M	6	7	1/—	
	L	18	39	4/6	This hotel had a relatively high level of activity.
	L	27	33	3/8	
	L	15	37	4/—	
	L	24	48	5/—	
	P	43	57	6/—	
	M	25	17	1/7	Times are shorter than S.3.3 because function rooms are adjacent to main restaurant which provides part of the service.
	M	35	10	1/2	
	M	33	13	1/6	
	M	15	22	2/8	
	M	17	19	2/—	

<i>Hotel</i>	<i>Function</i>	<i>Number attending</i>	<i>Minutes per unit</i>	<i>Cost per unit</i>	<i>Exceptional factors</i>
No C or CS activity during week					
H.2.3	L	18	39	4/6	Times are longer than elsewhere as the hotel has large permanent banqueting staff. Idle time is therefore very high and accounts for high unit costs despite low labour rate.
	L	6	110	10/-	
	D*	105	114	9/11	
	D†	67	104	9/10	
	D	19	73	6/10	
	B	21	128	11/11	
M	110	53	4/6		
No C or CS activity during week					
S.3.3	L	6	80	8/4	The nature of the service is not the same type as in other hotels due to the nature of the establishment.
	L	30	30	2/3	
	D	30	51	4/6	
	D‡	30	59	4/11	
	D	31	39	4/4	
	B	90	38	3/10	Function not served on hotel premises.
	CS	20	18	2/2	
	M	11	67	7/1	Times are long because function rooms are one floor up from main restaurant which provides part of the service.
	M	30	22	2/6	
	M	30	18	1/6	
	M	17	16	2/6	
	M	17	30	5/1	
S.4.4	No activity recorded during week				

\* Dinner includes separate reception beforehand.

† Includes cabaret.

‡ Includes meeting.

L—lunch; D—dinner; B—buffet; C—cocktails; CS—cocktails and snacks; M—meeting and snacks.

Units: One customer.

## 9 Calculation of unit labour costs of personal services

The figures have been simplified in this hypothetical example in order to emphasise the *method* of calculation.

### 1 Select services

In our example fifteen services have been selected and are shown in following tables.

### 2 Select period

Select any appropriate period of four weeks as we have done in this example.

### 3 Calculate total labour costs by staff

Our total labour costs were as follows:

Staff	Cost £
Telephonists	70
Receptionists	200
Day porters	70
Night porters	100
Housekeepers/maids	300
Restaurant/waiters	300
Lounge waiters	60
Cooks/chefs	350
Still room and general kitchen staff	270

### 4 Allocate labour time per service

Service	Allocation of staff time percent								
	Telephonists	Receptionists	Day porters	Night porters	Housekeepers/maids	Restaurant waiters	Lounge waiters	Cooks/chefs	Stillroom and kitchen staff
Telephone	100								
Enquiries		20	40	30					
Client correspondence		10							
Charting and allocating		20							
Customer records		50							
Accompanying guests			50	40					
Cleaning shoes				20					
Handling mail			10						
Early morning tea				10	20				
Cleaning					80				
Breakfast						20		10	20
Lunch						40	20	40	30
Dinner						40		50	30
Morning coffee							20		5
Afternoon tea							60		15
Total	100	100	100	100	100	100	100	100	100

5 Calculate total labour costs per service

Service	Calculation of total labour costs in £								£ Total
	Telephonist	Receptionists	Day porters	Night porters	Housekeepers /maids	Restaurant waiters	Lounge waiters	Cooks/chefs	Stillroom and kitchen staff
Telephone	70								70
Enquiries		40	28	30					98
Clients' correspondence		20							20
Charting and allocating		40							40
Customer records		100							100
Accompanying guests			35	40					75
Cleaning shoes				20					20
Handling mail			7						7
Early morning tea				10	60				70
Cleaning					240				240
Breakfast						60		35	54
Lunch						120	12	140	81
Dinner						120		175	81
Morning coffee							12		14
Afternoon tea							36		40
									76

6 Add up the Number of Units of Output

In the table below we have described the unit of output for each service and added up the number of units sold.

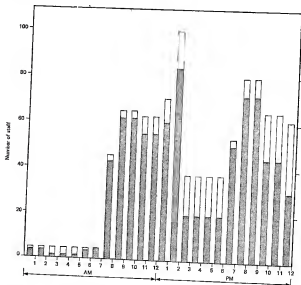
7 Calculate Unit Labour Costs per Service

Service	Units of Service	No. of	Total cost £	Unit cost
Telephone	Telephone calls	4,200	70	4d
Enquiries	Enquiries	4,000	98	6d
Client correspondence	Letters written	400	20	1/0d
Charting and allocating			40	
Customer records			100	
Accompanying guests	Arrivals and departures	1,500	75	1/0d
	or journeys	1,000		or 1/6d
Cleaning shoes	Pairs of shoes	600	20	8d
Handling mail	Rooms occupied	1,400	14	1½d

Service	Units of Service	No. of	Total cost £	Unit cost
Early morning tea	Orders of c m t	600	70	2/4d
Cleaning rooms and corridors	Rooms occupied	1,400	240	3/5d
Breakfast	Meals	750	149	4/0d
Lunch	Meals	850	353	8/4d
Dinner	Meals	840	376	9/0d
Morning coffee	Orders	300	26	1/9d
Afternoon tea	Orders	500	76	3/0d

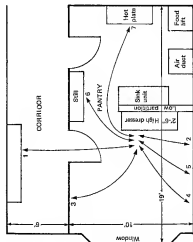
## 10 Variation in staff activity during the day

(Banqueting staff not included)



This table is based on observations made in one hotel over a period of nearly three weeks. The diagram shows the quantity of work done and the waiting time during each hour of a typical day. The height of each column can be compared to the number of staff working in the hotel during that hour.

The total idle time (unshaded) has been calculated to be approximately 20 per cent of the total hours. An annual saving of £10,000 in wages and 12½% in staff numbers should be possible with closer supervision and improved organisation.



Walter's path when laying a cooked breakfast tray

#### Present work layout

- 1 Fetch tray
- 2 Fetch jug/sugar bowl/napkins
- 3 Fetch marmalade/salt/pepper
- 4 Fetch stewed fruit/cereals
- 5 Fetch cutlery
- 6 Fetch tea/coffee
- 7 Fetch hot meal

#### Planned work layout

- 1 Fetch stewed fruit/cereals
- 2 Fetch tea/coffee
- 3 Fetch hot meal

Conclusion : Distance walked cut by 50%

### Floor service pantry

For three hours each morning, four of the hotel staff prepare trays of early morning teas and breakfasts in this room.

Considerable time and effort is wasted due to the lack of planning of the working area. The room is half filled with odd pieces of furniture, the very uselessness of which is emphasised by the fact that most of the cupboards are empty. The various items needed for laying trays are kept in odd corners with no apparent planning to make the work easy for the staff.

The first of the accompanying diagrams shows the various journeys that a waiter must make to lay a cooked breakfast tray. The second diagram shows the effect of providing him with a well-planned dresser where most of the items he needs are within easy reach. His walking has been halved and he can now lay twice as many trays in the same time as before. In addition some disturbance to other staff working in the same area has been avoided.

The cost of obtaining this marked improvement is small. Even more improvement could be obtained at rather greater cost, by altering and replacing the whole room. The layout would keep the movements between washing up, storing and laying to a minimum. If this were done, the number of staff could probably be reduced from four to two, though a little of the night porter's time would be needed. He would assist by pre-laying trays in the middle of the night and stacking them in suitable racks.

### Lounge service—afternoon teas

In one hotel, the time spent by the waiters when serving afternoon teas in the lounge can be broken down as follows:

Advance preparation and final clearing	16
Serving teas	56
Fetching pots of tea from the stillroom and toast from the kitchen	28
	<hr/>
	100%

For half the time spent serving teas, the waiter is walking.

This is because he has to make an average of thirteen journeys to each table in the lounge:

- 1 Lay table cloth, arrange chairs
- 2 Lay table
- 3 Take order on customers arrival
- 4 Serve sandwiches, toast, etc.
- 5 Bring tea
- 6 Offer selection of cakes on tray
- 7 Enquire if more tea required and
- 8 Bring more tea if wanted
- 9 Beckoned by customer concerning bill
- 10 Bring bill, take money
- 11 Bring change
- 12 Clear table of crockery
- 13 Remove cloth, re-arrange chairs.

Generally these journeys are made between the waiter's dispensing area and the relative table. Clearly the average distance between the two should be the minimum possible. In the lounge of the particular hotel studied, the dispensing area was in one corner, and the average distance was a maximum.

By re-arranging the dispensing area to reduce the distance walked by the waiters and also improving the method of obtaining and serving afternoon teas, the number of waiters required could be reduced from three to two.

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## 12 Classification of hotels in the study

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In order to provide a background to the costing information in this report hotels have been classified into three categories using the basic factors of quality, location and size.

<i>Quality of hotel and service supplied</i>	<i>Code</i>
Luxury	L
High	H
Standard	S
<i>Location</i>	
London	1
City	2
Town	3
Country	4
<i>Size</i>	
Very Large	1
Large	2
Medium	3
Small	4

The hotels surveyed have therefore been coded: H.1.2  
H.2.2  
H.2.3  
S.3.3  
S.4.4

**Hotel and Catering EDC manpower working group**

*Chairman*

H A Ray Transport and General Workers' Union

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E G Romp	General and Municipal Workers' Union
A Simons	Marks and Spencer Ltd

*Secretary*

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# SERVICE IN HOTELS

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A study of the labour costs of providing  
personal services in hotels with suggestions  
for cost savings.

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Economic Development Committee for Hotels  
and Catering

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*The Economic Development Committees are composed of representatives of the three parties involved in industrial and economic development—management, trade unions and government. The secretariat is provided by the National Economic Development Office, which is an independent publicly financed body. This report has been prepared for publication by NEDO on behalf of the EDC for Hotels and Catering which is solely responsible for its contents. For administrative convenience the booklet is printed and published through Her Majesty's Stationery Office.*

*Service in Hotels* is a study conceived by the manpower working group of the Hotel and Catering EDC under the chairmanship of Mr H A Ray

Other publications of the Hotel and Catering EDC are:

*Your Market* free from NEDO

*Visitors to Britain* HMSO 3s 6d

*Your Manpower* HMSO 5s

*More Hotels?* NEDO 4s

*Investment in Hotels and Catering* HMSO 7s

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# Preface

This booklet is based on a study by Associated Industrial Consultants Ltd of the labour costs incurred by hotels in the provision of personal services. The study suggests ways of providing some services by non-personal methods and so reducing labour costs, and concludes that increases in manpower productivity of more than 30 per cent are possible for the five hotels studied and that similar savings may be possible for others.

It is not generally appreciated that the hotel and catering industry is such a large user of labour: over 1 million men and women are engaged in hotel and catering services in Britain. It is in the national interest that the industry makes efficient and profitable use of labour and so reduces its claim on the labour market. The cost of labour must be expected to increase with the rise in real living standards. Employment opportunities in general will continue to widen and the industry must compete for increasingly scarce labour. In the future, hotel and catering firms must expect to experience continued difficulty in recruiting all the staff they require.

An awareness of these considerations led the manpower working group of the Hotel and Catering EDC to conceive the cost study included in the booklet. The study is of the labour cost of providing personal services in five hotels varying in size and type and in different parts of the country. This is a small sample and we would regard the study results as indicative rather than representative. The study seeks to provide hotel managers with a simple method of determining the labour cost of the personal services they provide and to suggest ways in which they may be provided more cheaply. We invite hoteliers to consider, in the light of their calculation of the costs involved, whether there is an economic need for all the services they provide—and, if so, whether the prices they charge cover the costs of meeting those needs.

It may be felt by some hotel companies that their hotels are bound to offer the present range of services, *and in the way these services have traditionally been provided.*

Although this may well be true in a few hotels, we would seriously question the validity of these assumptions for the vast majority of hotels. First, we doubt whether all hotel managers holding this view have sufficient knowledge of their customers' requirements to be dogmatic on the point: hotels in other countries have discontinued the provision of uneconomic personal services without, to our knowledge, any apparent loss of custom. Secondly, it is questionable whether the bad service that can arise from labour difficulties is preferred by customers to no service at all. Thirdly, the only valid operational assumption in our own industry as in others is that whatever service or product we provide—and no matter how efficiently—we can improve our performance.

We have in the past urged firms in the industry to get to know their market better. For example, in *Your Market* we said, and it is worth repeating here that: 'the customer is the most important person in any business. When that business is an hotel, restaurant or other catering establishment, there is rarely any doubt about it. But how difficult it is to know the customer, who he is and what his

requirements are—in other words to get to know the market.' It is equally important for hotel managers to question their awareness of the costs and profits (or losses) involved in meeting those requirements. Where services are not financially self-supporting and are wasteful of scarce labour it is reasonable to question why they should be subsidised from other revenue. We believe that the answers to this question may be disturbing to some managements.

The conclusions arising from this study should also result in some re-examination of traditional ideas about craft skills. Major improvements in labour productivity are possible if staff are used flexibly both within and between departments. Some demarcations in job function result in much idle time and inconvenient shift work and they may well be outmoded; it is important that future staff training, which is in itself an important means of improving productivity, should not perpetuate obsolete practices. We have brought our thoughts on this matter to the attention of the Hotel and Catering Industry Training Board.

It is a matter for concern that the requirements of organisations that classify hotels may be inhibiting higher productivity. The motoring organisations, for instance, lay down certain basic requirements as a condition of appointment and inclusion in their guides. These requirements may in some respects be impediments to higher productivity eg in the undue emphasis on provision of portering services. In other respects, the requirements may also fail to reflect changing consumer preferences and tend to restrain the progressive development of other services. The Hotel and Catering snc believes that it is desirable to investigate thoroughly the possibilities of developing a national classification system for hotels. The results of the cost study strengthen our conviction that such a system must be based on a knowledge of consumer needs and that the machinery for its establishment and review must be flexible so that greater labour productivity is not impeded.

We hope that the method we offer for calculating the labour costs of providing hotel services will be widely used and that the current practices and attitudes of both management and labour in these matters will be widely questioned throughout the industry. Such questioning, and the action it may be expected to prompt, can only result in improved profitability, higher wages, improved arrangement of working hours and more effective service to customers.

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